

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES OFFICE OF PROJECT MANAGEMENT AND PERMITTING

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July 25, 2011

Mr. Frank Standifer III, President
Native Village of Tyonek (NVT) – IRA Tribal Council
P.O. Box 82009
Tyonek, Alaska 99682-0009

RE: Government to Government Consultation and SEIS Cooperating Agency Status on
the Chuitna Coal Project

Dear President Standifer:

As the Director of the Office of Project Management and Permitting (OPMP) within the Commissioner's Office in the Alaska Department of Natural Resources (ADNR) and the Large Project Coordinator for the Chuitna Coal Project, I am providing this coordinated state response to your May 23rd letter to ADNR's Russ Kirkham, June 13th letter to Alaska Department of Environmental Conservation (ADEC) Commissioner Larry Hartig, and June 29th letter to Alaska Department of Fish and Game (ADFG) Commissioner Cora Campbell. In those letters you requested, 1) formal Government to Government consultation on a quarterly basis with the Commissioners and leadership of the Departments regarding the proposed Chuitna Coal Project, and 2) that ADEC and ADFG become Cooperating Agencies for the federal Supplemental Environmental Impact Statement (SEIS) process for the proposed project.

Because it is foundational to your first question, I am responding to your second question regarding cooperating agencies first. The State of Alaska applies a coordinated team approach to the permitting of large mining projects (AS 38.05.020(b)(9)). Consistent with that team approach, OPMP effectively signs on behalf of all of the involved state agencies that participate as Cooperating Agencies. So, for the purposes of the Chuitna Coal Project SEIS, ADNR, ADFG and ADEC are Cooperating Agencies.

The State's Large Mine Permitting Team (LMPT) is an interagency team composed of professionals from all of the relevant state agencies. For each project, the LMPT is coordinated by one of OPMP's Large Project Coordinators. Although I am the Director of OPMP, I am serving as the Large Project Coordinator for the Chuitna Coal Project, largely due to my prior experience in that role.

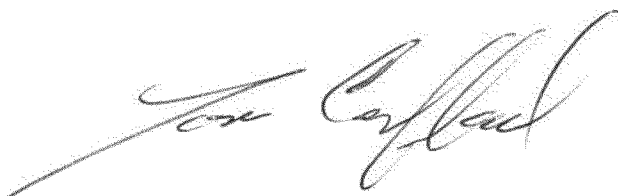
It is important to note that OPMP only coordinates the participation and interaction of the various state agencies in the permitting process. OPMP does not issue any permits or authorizations and none of the state agencies cede any of their authorities to OPMP. To the extent that any individual state agency may need to issue a permit relative to the Chuitna Coal Project, each agency has existing authorities and guidance for facilitating input (for example, ADEC's "local and tribal government" coordination and consultation policies) while still facilitating the overall large project coordinated effort and review conducted through OPMP.

"Develop, Conserve, and Enhance Natural Resources for Present and Future Alaskans."

The state and federal agencies have been awaiting submittal of finalized permit applications and baseline documents by PacRim Coal. In the meantime, the lead federal agency, the U.S. Army Corps of Engineers (ACOE), has been hosting bi-weekly teleconferences attended by ADNR and other state agencies, federal agencies, the third party environmental contractor (AECOM), PacRim Coal and the Native Village of Tyonek (NVT) to discuss process on the SEIS as well as other project developments. The combination of regularly scheduled teleconferences, the Sharepoint site that AECOM established, and state-tribal coordination and consultation through OPMP provide reliable and consistent mechanisms for communications. Additionally, at ACOE and ADNR's request, Dr. Paul Anderson of the Alaska Department of Health and Social Services has twice visited Tyonek and has been communicating and cooperating with NVT staff and the Alaska Native Tribal Health Consortium regarding a Health Impact Assessment for the Chuitna Coal Project and a nutritional survey.

The state agencies and the Large Mine Permitting Team welcome NVT's involvement and look forward to collaborating with NVT regarding information gathering, information sharing, and the next steps as state permitting and federal SEIS processes move forward. If there are issues which the Tribe believes require specific discussion with State officials outside the presence of the other stakeholders, I hope that the Tribe will take the opportunity to contact me directly, and I will work to facilitate those discussions on an as-needed basis.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Crafford", written in a cursive style.

Tom Crafford
Director

Cc: Dan Sullivan, ADNR Commissioner
Larry Hartig, ADEC Commissioner
Craig Fleener, ADFG Dep. Commissioner
Rick Fredericksen, ADNR-DMLW
Rob Rosenfeld, NVT

Cora Campbell, ADFG Commissioner
Ed Fogels, ADNR Dep. Commissioner
Randy Bates, ADFG Habitat
Russ Kirkham, ADNR-DMLW
Serena Sweet, ACOE